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C O N F I D E N T I A L SECTION 01 OF 02 THE HAGUE 001693

SIPDIS

E.O. 12958: DECL: 06/05/2010
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SUBJECT: DUTCH DISCOURAGED ABOUT EU EFFORT TO DEFINE FRY
WHITE LIST

REF: SECSTATE 103909

CLASSIFIED BY POLCOUNS STEPHEN R. KELLY; REASONS 1.5 (B,D).

1.(C) SUMMARY: DUTCH MFA OFFICIALS ARE DISCOURAGED AT THE VERY SLOW AND POOR QUALITY EU EFFORT TO DEFINE A FRY WHITE LIST TO BUTTRESS THE SANCTIONS REGIME. THEY NOTE A CLEAR LACK OF FRENCH, ITALIAN AND GREEK EFFORT TO MEET EU POLITICAL COMMITMENTS TO DEFINE A MEANINGFUL LIST AND EXPECT THE END PRODUCT TO BE OF QUESTIONABLE REAL ENFORCEMENT VALUE. NEVERTHELESS, THEY SAY THEY ARE AT LEAST RELIEVED THAT THE EU IS NOT NOW ARGUING ABOUT HOW TO DISMANTLE THE "ENERGY FOR DEMOCRACY" PROGRAM. THEY CAUTION THAT, SHOULD THE TENSION IN BELGRADE SOON SUBSIDE, STRONG EU MEMBER STATE PRESSURE TO WATER DOWN FINANCIAL SANCTION EFFORTS AND THE OIL DELIVERY BAN WILL START REAPPEARING IN EU PROCEEDINGS. END SUMMARY.

2.(C) IN 6/5 DISCUSSIONS WITH MFA BALKANS OFFICE AND EU AFFAIRS OFFICIALS, THE DUTCH EXPRESSED A BROAD DISSATISFACTION WITH THE EU'S EFFORT TO DEFINE A FRY SANCTIONS "WHITE LIST." THEY CONCUR THAT THE EUROPEAN COMMISSION IS SEVERELY UNDER-RESOURCED TO PERFORM THE TASK, BUT SEE THAT STAFFING OBSTACLE AS SECONDARY TO GENERAL EU MEMBER STATE RELUCTANCE TO PROVIDE ENFORCEMENT MECHANISMS THAT MATCH POLITICAL COMMITMENTS. MFA EU COORDINATION OFFICIALS STATED THAT, WHILE IT IS WORTH NOTING THAT THE EU AT LEAST IS EMBARKING ON A SANCTIONS REGIME, THERE IS STILL BROAD TENSION BETWEEN MANY MEMBER STATES AND THE COMMISSION OVER THE QUESTION OF WITH WHOM GENERAL ENFORCEMENT IMPLEMENTATION POWERS LIE. TO THIS THEY ADD THAT THERE IS LITTLE REAL CONSENSUS TO ADD TEETH TO THE POLITICAL STATEMENTS ABOUT THE EU FRY SANCTIONS REGIME. THE DUTCH REPORT A CONTINUING CORE OF UK/NL RESOLVE TO PUSH FOR A COMMISSION-LED EU SANCTIONS REGIME THAT FINANCIALLY PRESSURES MILOSEVIC. ON THE OTHER HAND, THEY ARE TO QUICK TO NOTE THEIR EFFORTS ARE OFFSET BY BROAD EU SLUGGISHNESS ON THE QUESTION AND ANIMOSITY TO SUCH STEPS BY PARIS, ROME AND ATHENS. THE DUTCH ALSO FREELY CONCEDE THAT EVEN THEY LACK THE PERSONNEL TO DO MUCH MORE ON SANCTIONS ENFORCEMENT THAN THEY ALREADY DO. THEY SAY THAT THEY CANNOT EASILY SURGE BEYOND THE 3-4 FULL-TIME EQUIVALENTS THAT THEY JOINTLY DEDICATE TO THE EFFORT BETWEEN THE FOREIGN, FINANCE AND COMMERCE MINISTRIES.

3.(C) AS A CASE IN POINT, DUTCH OFFICIALS HIGHLIGHT THE DUTCH AND UK STRONG VETTING EFFORTS ON THE WHITE LIST. THE UK HAS DEMARCHED EU STATES TO WORK HARD TO MEET THE JUNE 30 DEADLINE AND PRESENT CREDIBLE CANDIDATE BUSINESSES. THE DUTCH SAY THAT THEY HAVE ONLY SUBMITTED TWO NAMES FOR COMMISSION CONSIDERATION FOR THE WHITE LIST. UNDERCUTTING THIS SERIOUSNESS OF APPROACH, THEY REPORT THAT STOCKHOLM HAS SUBMITTED A SLATE OF 2,500 TO 3,000 CANDIDATE COMPANIES WHILE PARIS' SUBMISSIONS WERE MEASURED IN WEIGHT, COMING IN AT 25-30 KILOS.

4.(C) ACCORDINGLY, THE DUTCH PREDICT THAT THE JUNE 20 REVIEW MEETING SET TO ORGANIZE THE JUNE 30 ANNOUNCEMENT LIKELY WILL OVERSEE COMPILATION OF A POORLY VETTED LIST THAT MEETS THE EU POLITICAL COMMITMENT TO DEFINE SUCH A PRODUCT, BUT WHICH WILL LACK CREDIBILITY AS A REAL ENFORCEMENT TOOL.

5.(C) SEVERAL MFA OFFICIALS FAMILIAR WITH RECENT EU DELIBERATIONS ON THE BALKANS AND SANCTIONS HAVE MADE CLEAR THE LIMITS THAT THEY PERCEIVE THE EU IS REACHING ON BALKANS SANCTIONS. THEY COMMENT THAT, WHILE EU LEADERS POLITICALLY WOULD FEEL VULNERABLE IF THEY SAID NOTHING IN THE FACE OF BELGRADE'S ONGOING REPRESSION, THERE IS STILL NO BROAD EU RESOLVE TO MATCH WORDS WITH ENFORCEMENT DEEDS. THEY ADD THAT UNTIL THAT RESOLVE MATERIALIZES IT IS NOT WORTH THE EFFORT OF TRYING TO SECOND PERSONNEL TO THE COMMISSION OR CHIP IN FROM SCARCE NATIONAL RESOURCES WITH VETTING THE WHITE LIST DRAFT.

6.(C) COMMENT: DESPITE THE GENUINE DUTCH DISCOURAGEMENT OVER DEFINING THE WHITE LIST, THEY STILL CAUTIOUSLY IMPLY THAT THE U.S. MIGHT CONSIDER BEING GLAD FOR WHAT WE HAVE: THAT IS, THE MOMENTARY ABSENCE OF AN ALL-OUT EU DRIVE TO DISMANTLE THE

EXISTING FRY SANCTIONS REGIME. THEY SIGNAL THAT WE SHOULD NOT UNDERESTIMATE HOW CLOSE TO THE SURFACE THOSE SENTIMENTS ARE IN EUROPE. IT IS PROBABLY WORTH NOTING THAT THE DUTCH ALSO SEEM TO BE TIRING OF WADING UPSTREAM AGAINST A STRONG CURRENT OF FRENCH, ITALIAN AND GREEK NEGATIVE SENTIMENT. IT IS CLEAR THAT, IN DISCUSSIONS OF EU FRY SANCTIONS DELIBERATIONS, THEY ALSO ARE TAKING PAINS TO DEFLECT ANTICIPATED U.S. PRESSURE AWAY FROM THE HAGUE. END COMMENT.
FENDRICK